



TCDRS Retirement Presentation

July 9, 2012

Benefits Provided:

- Deposit Rate 7%
- Matching Rate 200%*
- Vesting Period 8 years
- Retirement Eligibility
 - Age 60 + 8 years of service
 - 30 years of service
 - Age + years of service = 75
- Guaranteed Interest Rate 7%

*for employee contributions made on or after 1/1/2011

County Comparison

County	Employee Contribution %	County Match %	Years of Service for Vesting for Retirement at age 60	Retirement Eligibility Rule	Retiree Increases 2012
Collin	7	200	8	75	CPI 100%
Bexar*	7	200	8	75	None
Dallas	7	200	10	80	None
Denton*	7	220	8	75	CPI 80%
El Paso*	7	250	8	75	Flat 2%
Fort Bend	7	200	8	75	None
Harris	6	225	8	75	None
Hidalgo*	7	200	8	75	None
Montgomery	6	250	8	75	None
Tarrant	7	200	8	75	None
Travis	7	225	8	75	None
Williamson	7	250	8	75	None

*Allows 20 years of service for retirement at any age, all others require 30 years of service for retirement at any age.

City Comparison

City	Employee Contribution %	City Match %	Years of Service for Vesting for Retirement at age 60	Retirement Eligibility Rule	Retiree Increases 2012
Allen	7	200	5	N/A	None
Frisco	7	200	5	N/A	None
McKinney	7	200	5	N/A	CPI 70%
Plano	7	200	5	N/A	CPI 70%
Richardson*	7	200	5	N/A	CPI 50%
Wylie	7	200	5	N/A	CPI 70%

*Requires 25 years of service for retirement at any age, all others allows 20 years of service for retirement at any age.

Portfolio Rate of Return

2005	7.3%
2006	14.0%
2007	8.1%
2008	(28.9)%
2009	26.7%
2010	12.8%
2011	(1.0)%

Total fund return as of 12/2011

1 year	(1.0)%
5 years	1.7%
10 years	6.2%
20 years	7.2%
30 years	9.9%

Rate of Return

(Illustration Only)

Year	Account Value	Required Rate of Return	Required Balance		Actual Account Value	Actual Return	Actual Ending Balance
2005	\$1,000	\$ 80	\$1,080		\$1,000	\$ 73	\$1,073
2006	\$1,080	\$ 86	\$1,166		\$1,073	\$150	\$1,223
2007	\$1,166	\$ 93	\$1,260		\$1,223	\$ 99	\$1,322
2008	\$1,260	\$101	\$1,360		\$1,322	-\$382	\$ 940
2009	\$1,360	\$109	\$1,469		\$ 940	\$251	\$1,191
2010	\$1,469	\$118	\$1,587		\$1,191	\$152	\$1,343
2011	\$1,587	\$127	\$1,714		\$1,343	-\$ 15	\$1,328

*Returns over and under 8% may be allocated to or from reserves, rather than to the account, dependent upon the decision made each year by the TCDRS board. This illustration shows actual returns without taking into account any funds allocated to and from reserves. This calculation does not reflect the smoothing process that occurs for losses and gains over a 10-15 year time period.

Cost

	Normal	UAAL	COLA		County
	Rate (%)	Rate (%)	RATE(%)	Total (%)	Contribution (%)
2006	8.11	2.75	.34	11.20	12.00
2007	9.07	2.92	.19	12.18	12.50
2008	9.06	2.69	.18	11.93	12.50
2009	9.09	2.81	.23	12.13	13.00
2010	9.10	3.74	.00	12.84	13.50
Made a lump sum payment of \$1,130,000 in October 2009					
2011	9.38	3.43	.08	12.89	13.50 (original)
2011	7.59	2.92	.08	10.59	13.50 (revised)
Made a lump sum payment of \$5 million in October 2010					
2012	7.57	2.90	.07	10.54	13.50 (original)
2012	7.57	0.00	.07	7.64	7.70 (revised)
Made a lump sum payment of \$35.5 million in October 2011					
2013	7.56	.45	not decided	8.01	8.50 (budgeted)

Lump sum payments were made to reduce the unfunded actuarial liability

Employer Contributions

Calendar Year	Total Employer Deposits	Contributing Employees	Average Cost Per Employee
2005	\$7,944,205	1623	\$ 4,894
2006	\$8,563,334	1690	\$ 5,067
2007	\$10,027,538	1747	\$ 5,739
2008	\$10,431,480	1809	\$ 5,766
2009	\$11,642,578	1786	\$ 6,518
2009 (Lump Sum Payment)	\$12,772,578	1786	\$ 7,151
2010	\$11,770,220	1755	\$ 6,706
2010 (Lump Sum Payment)	\$16,770,220	1755	\$ 9,555
2011	\$11,699,770	1790	\$ 6,536
2011 (Lump Sum Payment)	\$47,199,770	1790	\$26,368

The Good, The Bad & The Unfunded Liability

- Unfunded liability as of Dec. 2011 is \$2,045,000 (99%).
- TCDRS did have negative returns in 2011 and TCDRS passed through those losses. Actuarial losses, like actuarial gains are smoothed over 10 years. So, the 2011 losses will be recognized over time.
- Losses that are smoothed are not reflected in the unfunded liability. If an immediate asset recognition method were used instead of a delayed asset recognition the unfunded liability would be \$30,199,573 with a funded ratio of 90%.

Unfunded Liability History

	Budget Year	Unfunded Liability	Funded Percentage	Notes
2004	2006	\$24,286,450	83.4%	
2005	2007	\$26,582,718	83.9%	
2006	2008	\$22,774,159	87.7%	
2007	2009	\$24,873,034	88.2%	
2008	2010	\$41,594,399	82.0%	
Made a lump sum payment of \$1,130,000 in October 2009				
2009	2011	\$40,273,716	84.5%	before reduced match
2009	2011	\$36,309,269	85.8%	with reduced match
Made a lump sum payment of \$5 million in October 2010				
2010	2012	\$34,553,355	87.5%	
Made a lump sum payment of \$35.5 million in October 2011				
2011	2013	\$ 2,044,817	99.0%	

Unfunded Liability

Actual Unfunded Liability as of 12/31/2010	\$34,553,000
Adjustment Due to Decrease in Discount Period	\$3,110,000
Unfunded Liability Payments	(\$5,501,000)
Recognition of Actuarial Asset Gains and Losses for 2008-2010	\$3,338,000
2011 Lump Sum Contribution	(\$35,500,000)
Projected Unfunded Liability as of 12/31/2011	\$0
Loss Due to Adoption of 100% CPI COLA	\$715,000
Recognition of Actuarial Asset Loss for 2011	\$2,162,000
Liability Gain Due to Greater than Expected Terminations and Withdrawals	(\$1,114,000)
Net Actuarial Losses from all Other Sources	\$282,000
Actual Unfunded Liability as of 12/31/2011	\$2,045,000

Court Determination - COLA

- Court determines the cost of living increase each year. There are three options:
 - Flat Rate COLA's
 - CPI based COLA's
 - Nothing
- Last year, a 100% CPI increase was approved. Collin County usually provides the highest level increase available.
- Collin County has adopted a COLA every year since 1998.
- COLA's are funded over a 15 year period.
- There are 481 current retirees, 318 current employees are eligible to retire now, and 368 additional employees will be eligible to retire in the next 5 years.

COLA's continued:

The COLA options for the 2013 plan year are:

COLA Type	Percentage	Additional Rate	Estimated Annual Cost
CPI-100%	3%	.20	\$178,000
Flat Rate	1%	.10	\$ 89,000
Flat Rate	2%	.20	\$178,000
Flat Rate	3%	.30	\$267,000

- CPI can be any percent of CPI in 10% increments. Each percent is \$89,000.
- These rates are added to the 8.01% rate for a total percent applied to all payroll dollars.
- The actual amount received by the retiree may vary.

Court Determination Budget Information

- Determination if payment of \$2,045,000 for the unfunded liability will be made.